

Dennis F. Dunne (admitted *pro hac vice*)
Samuel A. Khalil (admitted *pro hac vice*)
MILBANK LLP
55 Hudson Yards
New York, New York 10001-2163
Telephone: (212) 530-5000
Facsimile: (212) 530-5219

and

Paul S. Aronzon (SBN 88781)
Gregory A. Bray (SBN 115367)
Thomas R. Kreller (SBN 161922)
MILBANK LLP
2029 Century Park East, 33rd Floor
Los Angeles, CA 90067
Telephone: (424) 386-4000
Facsimile: (213) 629-5063

*Proposed Counsel for the Official Committee
of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

-and-

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

Case No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

** All papers shall be filed in the Lead Case.
No. 19-30088 (DM)*

**STATEMENT OF THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS IN SUPPORT OF THE
FINAL APPROVAL OF THE DEBTORS'
DIP MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the above-captioned chapter 11 cases of PG&E Corporation and Pacific Gas and Electric Company (together, the “Debtors”), by its proposed attorneys, Milbank LLP, hereby submits this statement (the “Statement”) in support of the final approval of the *Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 362, 363, 364, 503 and 507, and Fed. R. Bankr. P. 2002, 4001, 6003, 6004 and 9014 for Interim and Final Orders (I) Authorizing the Debtors to Obtain Senior Secured, Superpriority, Postpetition Financing, (II) Granting Liens and Superpriority Claims, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing and (V) Granting Related Relief* [Docket No. 23] (the “DIP Motion”). In support of the Statement, the Committee respectfully represents as follows:

STATEMENT

1. Having thoroughly reviewed the proposed financing, the Committee supports the final approval of the DIP Motion. The legal and financial diligence conducted by the Committee confirmed that the Debtors require the proposed financing and that such financing is “market” for facilities of this type and magnitude and consistent with DIP financings approved in recent large cases. In fact, the terms of the proposed financing generally are favorable to the Debtors and contain few case controls or restrictive covenants that have been common in many recent DIP loans. Moreover, the effect of the rights granted to the DIP Lenders in the event of a default and in respect of marshaling are as a practical and legal matter limited in light of the regulatory environment in which the Debtors operate—the CPUC and FERC will continue to maintain jurisdiction over the Debtors’ businesses—and are otherwise common for new money financing packages. The Committee further notes that the waivers of certain protections

1 available to the Debtors, such as the ability to surcharge the secured lenders' collateral, are also
2 common in new money DIP financing packages.

3 2. In response to the Tort Claimants Committee's objection to the DIP financing, the
4 Debtors object to the Tort Claimants Committee's suggestion of paying certain pre-petition
5 unsecured creditors as part of the DIP financing. The Committee agrees with the Debtors. Such
6 a payment would contravene two foundational elements of our country's bankruptcy law:
7 (i) general unsecured pre-petition claims should be classified, treated, and paid pursuant to a
8 confirmed plan of reorganization and (ii) claims of equal rank and priority should be treated
9 similarly. While the Committee believes and will work tirelessly towards a goal of payment in
10 full for all unsecured creditors, including those represented by the Tort Claimants Committee,
11 the DIP financing is certainly not the vehicle for mandating the payment of some general
12 unsecured claims, but not others.
13

14 3. Accordingly, the Committee supports the entry by the Court of an order
15 approving the DIP Motion on a final basis and overruling the objections to the DIP Motion.
16

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18
19 DATED: March 12, 2019

MILBANK LLP

/s/ Dennis F. Dunne

DENNIS F. DUNNE

SAMUEL A. KHALIL

PAUL S. ARONZON

GREGORY A. BRAY

THOMAS R. KRELLER

*Proposed Counsel for the Official Committee of
Unsecured Creditors*